



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
OFFICE OF FINANCIAL AND INSURANCE SERVICES
DEPARTMENT OF LABOR & ECONOMIC GROWTH
ROBERT W. SWANSON, ACTING DIRECTOR

LINDA A. WATTERS
COMMISSIONER

BILL ANALYSIS

BILL NUMBER: House Bill 5348

TOPIC: Nonprofit Health Care Corporation Long-term Care

SPONSOR: Rep. Kevin Green

CO-SPONSORS: Rep. Byrnes, Ball, Kahn, Vander Veen, Shaffer, Zelenko, Hopgood, Polidori, Byrum, and Hansen

COMMITTEE: Committee on Senior Health, Security, and Retirement

DATE: February 13, 2006

POSITION

The Office of Financial and Insurance Services supports this legislation.

PROBLEM/BACKGROUND

The Insurance Code of 1956, 1956 PA 218, has always differentiated between the Long-term Care Insurance Act (Chapter 39) and the long-term care chapter found in the Nonprofit Health Care Corporation Reform Act, 1980 PA 350. Since the two chapters use the same provisions and language, it would be more effective to incorporate the nonprofit long-term care provisions into Chapter 39. This action is even more appropriate given the fact that a nonprofit health care corporation cannot directly market long-term care, but must set up an affiliate for-profit company to do so. Eliminating duplicate provisions in the law makes sense in this regard.

DESCRIPTION OF BILL

This legislation amends section 3901(h) to include an assisted living facility operating legally in this state as a long-term care service setting for the purposes of collecting benefits on the long-term care policy.

Section 3902 is added to limit the ability for a nonprofit health care corporation to sell long-term care insurance. They may only do so through a subsidiary, which is subject to taxation laws. This language replaces language being repealed from 1980 PA 350.

SUMMARY OF ARGUMENTS

Pro

Adding the language to include assisted living facilities in the care settings helps resolve the issue that some long-term care policies require services be given in a licensed facility. Since Michigan inspects, but does not license assisted living facilities, their inclusion in the policy alleviates problems for insureds who may have such a policy. It allows them to collect benefits while in an assisted living setting, even though the facility is not licensed.

Including the limitation on a nonprofit health care corporation's participating subsidiary in the long-term care insurance market in a chapter of the Insurance Code makes maintaining the long-term care regulations easier for future changes. It also continues to prohibit a nonprofit health care corporation from directly marketing long-term care policies, except through a subsidiary subject to all of the insurance code standards.

Con

None known.

FISCAL/ECONOMIC IMPACT

OFIS has identified the following revenue or budgetary implications in the bill as follows:

(a) To the Office of Financial and Insurance Services: None

Budgetary:
Revenue:
Comments:

(b) To the Department of Labor and Economic Growth: None

Budgetary:
Revenue:
Comments:

(c) To the State of Michigan: None

Budgetary:
Revenue:
Comments:

(d) To Local Governments within this State: None

Comments:

OTHER STATE DEPARTMENTS

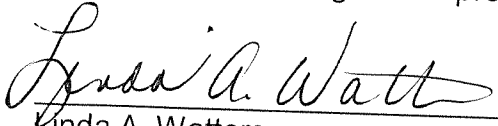
None known.

ANY OTHER PERTINENT INFORMATION

N/A

ADMINISTRATIVE RULES IMPACT

Rules can be promulgated to provide for administration of the act.



Linda A. Watters
Commissioner

2-13-06

Date

